

## Message Text

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ACTION NEA-16

INFO OCT-01 EUR-25 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 PM-07 DODE-00 PA-04 USIA-15 PRS-01

DRC-01 IO-14 SAM-01 /207 W  
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P 290850Z JUL 74

FM AMEMBASSY KABUL

TO SECSTATE WASHDC PRIORITY 8901

INFO AMEMBASSY ISLAMABAD

AMEMBASSY TEHRAN PRIORITY

AMEMBASSY NEW DELHI

AMEMBASSY BONN

AMEMBASSY MOSCOW

AMEMBASSY LONDOCG

AMEMBASSY OTTAWA

C O N F I D E N T I A L KABUL 4681

E.O. 11652: GDS

TAGS: PFOR, EAID, ETRAN, EIND, AF, IR

SUBJECT: IRANIAN AID TO AFGHANISTAN

### 1. SUMMARY:

AFGHANISTAN AND IRAN HAVE ACHIEVED A MAJOR BREAKTHROUGH IN IMPROVING THEIR RELATIONSHIP. THIS DEVELOPMENT IS GOOD NEWS TO THEM, FOR THIS REGION AND FOR US. ASSUMING IMPLEMENTATION, IT WILL MEAN MAJOR IRANIAN ASSISTANCE FOR AFGHANISTAN'S ECONOMIC DEVELOPMENT AND AN AFGHANISTAN MORE CLOSELY TIED TO WESTERN-ORIENTED IRAN. BOTH AFGHAN AND IRANIAN OFFICIALS APPEAR DELIGHTED WITH THIS DEVELOPMENT. SPECIFICALLY, AN IRANIAN ECONOMIC MISSION HAS INDICATED WILLINGNESS TO FINANCE PERHAPS

MORE THAN \$2 BILLION, RPT BILLION, IN AFGHAN PROJECTS IN THE  
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YEARS AHEAD, INCLUDING ROADS AND RAILROADS LINKING THE LPO

COUNTRIES, AND TO HELP AFGHANISTAN BOOST ITS EXPORTS, INCLUDING TO IRAN. THE OLD PROBLEM OF THE HELMAND WATERS WILL BE TAKEN CARE OF THROUGH JOINT AFGHAN-IRANIAN EFFORTS TO DEVELOP THE HELMAND VALLEY.

2. AN IRANIAN ECONOMIC DELEGATION, HEADED BY IRANIAN COMMERCE MINISTER NAHDAVI, LEFT AFGHANISTAN JULY 25 AFTER SIGNING PROTOCOL ON IRANIAN PARTICIPATION IN FINANCING AND IMPLEMENTING NUMEROUS AFGHAN DEVELOPMENT PROJECTS. ALL AFGHANS AND IRANIANS WHO PARTICIPATED IN TALKS DELIGHTED BOTH BY TENOR OF TALKS AND RESULTS. ESTIMATES OF EXTENT OF IRANIAN AID RANGE FROM \$1.5 BILLION TO OVER \$2 BILLION, WHICH, IF ACCURATE, MAKES IRAN LARGEST SINGLE DONOR TO AFGHANISTAN, ASSUMING AID IS DISBURSED.

3. ACCORDING FARID RAFIG, PRESIDENT OF EXPORT PROMOTION, MINISTRY OKICOMMERCE, AFGHANS PRESENTED IRANIANS WITH "LONG LIST" OF PROJECTS, TOTALING OVER \$2 BILLION. IRANIANS ACCEPTED ENTIRE LIST, SUBJECT ONLY TO FEASIBILITY STUDIES AND SPECIFIC AFGHAN REQUESTS. INITIAL AGREEMENT WAS REACHED ON A NUMBER OF PROJECTS. LARGEST TWO ARE RAILROAD LINKING KABUL WITH IRANIAN RAILROAD SYSTEM VIA KANDAHAR, HERAT, AND ISLAM QALA, AND SERIES OF WATER STORAGE DAMS WITH IRRIGATION NETWORKS ON LOWER HELMAND RIVER. RAILROAD ALONE IS ESTIMATED AT \$500 MILLION, AND DAMS' COST NOT ESTIMATED. PROTOCOL SPECIFIED IMMEDIATE \$10-20 MILLION FOR FEASIBILITY STUDIES ON THESE PROJECTS. PROTOCOL ALSO STATED IRAN WOULD ASSIST IN CONSTRUCTION OF A PORTION OF HELMAND ROAD TO IRANIAN BORDER. SRAFIQ STATED THAT IRANIANS PROMISED A ROAD LINKING KANDAHAR WITH BANDAR ABBAS, BUT "VTHIS IS A FEW YEARS AWAY, SO IT WAS NOT IN THE PROTOCOL". THERE WASSHLSO PSCUSSION OF ANOTHER RAILROAD FOLLOWING THIS RAOD ALONG THE HELMAND. PROTOCOL LISTED IN ADDITION IMMEDIATE ASSISTANCE IN BUILDING SUGAR FACTORIES (HERAT, JALALABAD, AND POSSIBLY ONE OTHER), CEMENT FACTORIES (HERAT AND PUL-I-KHUMRI), WOOL AND COTTON TEXTILE PLANTS (2 AND 3IZF EACH) AND PAPER PLAFOS/\*

4. LISTED SEPARATELY IN PROTOCOL IS AGREEMENT FOR AN "INITIAL" \$10 MILLION FOR ESTABLISHMENT OF AN EXPORT DEVELOPMENT DANK, LONG A PET PROJECT OF RAFIQ'S. HE CONCLUDED HIS LISTING OF PROJECTS WITH "AND \$10 MILLION FOR " IN ADDITION, RAFIQ  
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STATED IRANIANS HAVE AGREED TO THE EXPORT OF AFGHAN FRUIT TO IRAN, PREVIOUSLY PROHIBITED. IRANIANS WILL ASSIST IN JOINT VENTURE PROCESSING PLANT TO ENABLE FRUIT TOMEET IRANIAN STANDARDS. RAFIQ SEES THIS AS OPENING OF MAJOR TRADE RELATUYNS, "WHICH CAN ONLY EXPAND AS THE TRANSPORTATION PROJECTS ARE COMPLETED"

5. DAM PROJECTS ON LOWER HELMAND ARE OF MAJOR SIGNIFICANCE.

ACCORDING RAFIQ AND NAUROZ, ECONOMIC OFFICE, MFA, IRANIANS MADE NO MENTION OF HELMAND WATERS TREATY UNTIL AFTER PROTOCOL SIGNED. THEY AND ALSO MINISTER OF JUSTICE MAJID HAVE COMMENTED TO US THAT DAMS WOULD INCREASE WATER AVAILABILITY FOR BOTH COUNTRIES, AND "WE VYNN Worry ABOUT CUSBCS (CUBIC FEET PER SECOND WATER FLOW -- MAJOR STUMBLING BLOCK OF WATERS TREATY) AFTER THE DAMS ARE BUILT". IF THIS IS ACCURATE, THEN THE TREATY ISSUE, WHICH HAS BEEN ONE OF THE LARGEST BARRIERS IN PAST TO IMPROVED RELATIONS, HAS BEEN SIDESTEPED.

6. MIN COMMERCE JALALLAR TELLS US THAT ANOTHER IRANIAN DELEGATION WILL COME TO AFGHANISTAN SOON TO CONCLUDE A TRANSIT AGREEMENT PERMITTING AFGHAN EXPORTS AND IMPORTS TO TRANSIT LAND WITHOUT CUSTOMS INSPECTION.

7. COMMENT: THIS IS A MAJOR DEVELOPMENT AND GOOD NEWS FOR AFGHANISTAN, IRAN, THE REGION AND THE U.S. TWO HIGH-RANKING AFGHANS HAVE TOLD US THAT BOTH COUNTRIES HAVE OVERCOME THEIR CENTURIES-OLD COMPLEXES, INVOLVING CULTURAL AND RELIGIOUS DIFFERENCES, HISTORICAL ENMITIES AND THE RICH-POOR SYNDROME. THE AFGHANS HAVE DECIDED TO FORGE THIS NEW RELATIONSHIP TO OBTAIN ECONOMIC AND FINANCIAL AID. BUT ALSO, AS DEPUTY PRIME MINISTER SHARQ TOLD ME AND DCM JULY 28, THE GOA FEELS THIS DEVELOPMENT SHOULD END ONCE AND FOR ALL ANY NOTIONS IN OTHER COUNTRIES THAT THE NEW REPUBLIC OF AFGHANISTAN HAS ANY IDEOLOGICAL TIES TO ANY OTHER COUNTRY (READ THE USSR). THE GOA CLEARLY FEELS THAT THIS DEPARTURE FROM TRADITIONAL AFGHAN POLICY IS A DEMONSTRATION OF THE DAOUD REGIME'S ADHERENCE TO A PRO-AFGHANISTAN, PRAGMATIC FOREIGN POLICY. HE AGREES.

8. FROM IRANIAN STANDPOINT, WE INTERPRET THIS DEVELOPMENT AS A REFLECTION OF A DECISION BY THE SHAH TO BUTTRESS DAOUD  
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AND TO TRY TO LESSEN AFGHANISTAN'S RELIANCE ON THE SOVIET UNION. COMMERCE MINISTER MAHDAVI, WHOM I HAVE KNOWN WELL FOR OVER TEN YEARS, DESCRIBED THE SUCCESS OF HP MISSION TO ME WITH GREAT ENTHUSIASM, AND AFGHAN OFFICIALS WERE IMPRESSED WITH HIS SINCERITY AND WITH HIS SENSITIVITY TO THEIR FEELINGS OF PRIDE. SO THIS SEEMS ALSO TO BE A SUCCESS FOR THE SHAH'S FOREIGN POLICY.

9. THIS DEVELOPMENT, WHICH STARTS LINKING AFGHANISTAN CLOSER TO A WESTERN-ORIENTED IRAN, SHOULD LESSEN AFGHAN DEPENDENCE ON THE SOVIET UNION AND IS A STEP TOWARD RESOLUTION OF AN ANCIENT REGIONAL QUARREL, IS ALSO GOOD NEWS FOR US AND FOR THE REGION.

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## Message Attributes

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